



AEAGA

**DEPARTMENT OF THE ARMY**  
HEADQUARTERS, UNITED STATES ARMY, EUROPE, AND SEVENTH ARMY  
THE DEPUTY CHIEF OF STAFF, PERSONNEL  
UNIT 29351  
APO AE 09014

21 JUL 2000

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Guidance and Policies for Nonappropriated Fund (NAF) Cash Management Controls

1. References:

a. AR 215-1, 25 Oct 98, Morale, Welfare and Recreation (MWR) Activities and Nonappropriated Fund Instrumentalities.

b. AR 11-2, 1 Aug 94, Management Control.

2. Army guidance for cash controls is contained in Appendix G of reference 1a. This memorandum provides policy and guidance to implement these controls in USAREUR MWR activities.

3. The MWR activities in USAREUR require significant amounts of cash on hand to meet daily operational requirements. The USAREUR One Fund manager has overall responsibility for management controls over cash within USAREUR MWR activities. The assistant One Fund managers at each area support group (ASG) have management control responsibility over cash within the ASG. However, the entire command and supervisory chain must ensure that adequate controls and proper stewardship of cash are understood, in place and effective.

4. Controls over cash begin with authorization of the cash fund (e.g. petty cash funds, change funds). The level of cash fund must be approved and supported. The MWR activity will justify each request for their cash authorization level and each cash authorization memo must specify the required amounts of cash for each fund. The monthly balance sheet reconciliation published by 266th FINCOM provides a means to review fund authorizations and cash levels. These funds may be known locally by different names linked to their purpose, such as central cashier funds or check cashing funds. The assistant fund manager/financial management division is responsible for conducting at least quarterly reviews of fund authorizations and cash levels in order to reduce cash funds to the lowest practical levels. The fund authorization processes and recommended cash levels are depicted at enclosures 1 through 5. Requirements differ for each facility. Change funds must accommodate the replenishment of small bills in cash drawers during peak business periods.

5. Unannounced cash counts by NAF activity managers and FMD staff are vital to effective management controls. Cash counts will be conducted as indicated in the table at enclosure 6. Emphasis is on the large change funds, but all cash funds will be counted to ensure adequate cash management controls are in place. The cash count process is depicted at enclosure 7. Losses

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exceeding \$150 requires a report to the military police and a claim in the Risk Management Program (RIMP). A RIMP claim will not be submitted for losses less than \$150. Losses less than \$150 but exceeding 20% of the fund authorization require an investigation by a disinterested official and a report to the ASG DCA.

6. Cash overages disclosed during surprise cash counts of petty cash and change funds will be immediately deposited and recorded on the daily activity record (DAR) for the day of the cash count. A copy of the surprise cash count will accompany the DAR as support for the deposit. Petty cash and changes funds shortages of \$30 or less should be replenished with daily cash receipts if sufficient cash receipts are available. Such cash shortages will be reported on the next DAR with a copy of the surprise cash count as the supporting document. If cash receipts are not sufficient or if the shortage is greater than \$30, the custodian will submit a request to replenish the shortage through the ASG DCA to the Central Accounting Division (CAD) within two work days.

7. Accurate daily activity reports (DAR) and timely cash counts provide the basis for successful investigations and claims. Also, the accuracy and authenticity of supporting documents must be verified. Proper bonding of personnel will be based on the individual's total access to cash and cash items. The Assistant Fund Manager will have oversight of bonded positions as part of the RIMP annual review report. As a guide, Enclosure 8 lists typical positions requiring excess bonding and guidelines on bonding calculation. See Appendix G of reference 1a for additional information on bonding and separation of duties. Training is an essential component of effective financial management. Contact the MWR Training and Development Center, Europe, at DSN 379-6438 for information on training opportunities.

8. Commanders should require periodic briefings on general ledger accounting code (GLAC) 511, Cash Overage, and GLAC 739, Cash Shortage Expense. While these GLACs tend to correlate, they should not be viewed as canceling each other. Overages or shortages exceeding 0.5% of cash sales (GLAC 301) could be indicators of weak cash controls. This is a "rule-of-thumb" based on an empirical analysis of overages and shortages. The briefings should also address RIMP claims and causal factors.

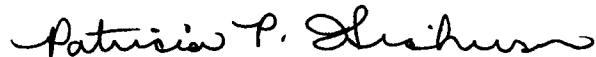
9. This memorandum will be disseminated to all NAF activity personnel involved in cash management or oversight thereof. A cash management check list is at enclosure 9. This checklist should be completed annually, at a minimum, or upon the change of custodians.

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10. Point of contact is Ms. Mary Schweitzer, DSN 370-7396, e-mail  
schweitzer@hq.hqusareur.army.mil.

9 Encls



PATRICIA P. HICKERSON

Major General, USA

Deputy Chief of Staff,

Personnel

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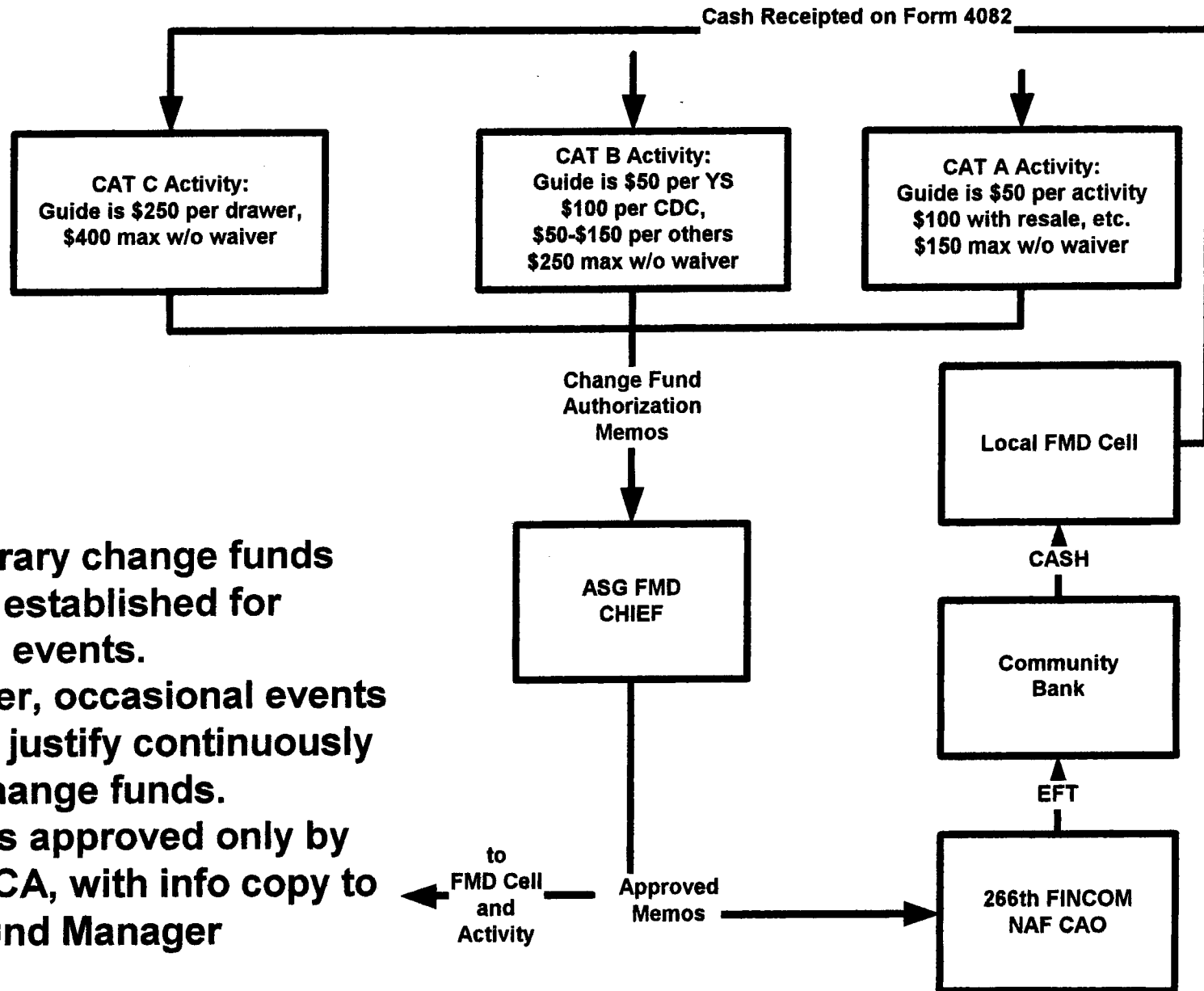
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CDR, 266th FINCOM

HQ USAREUR

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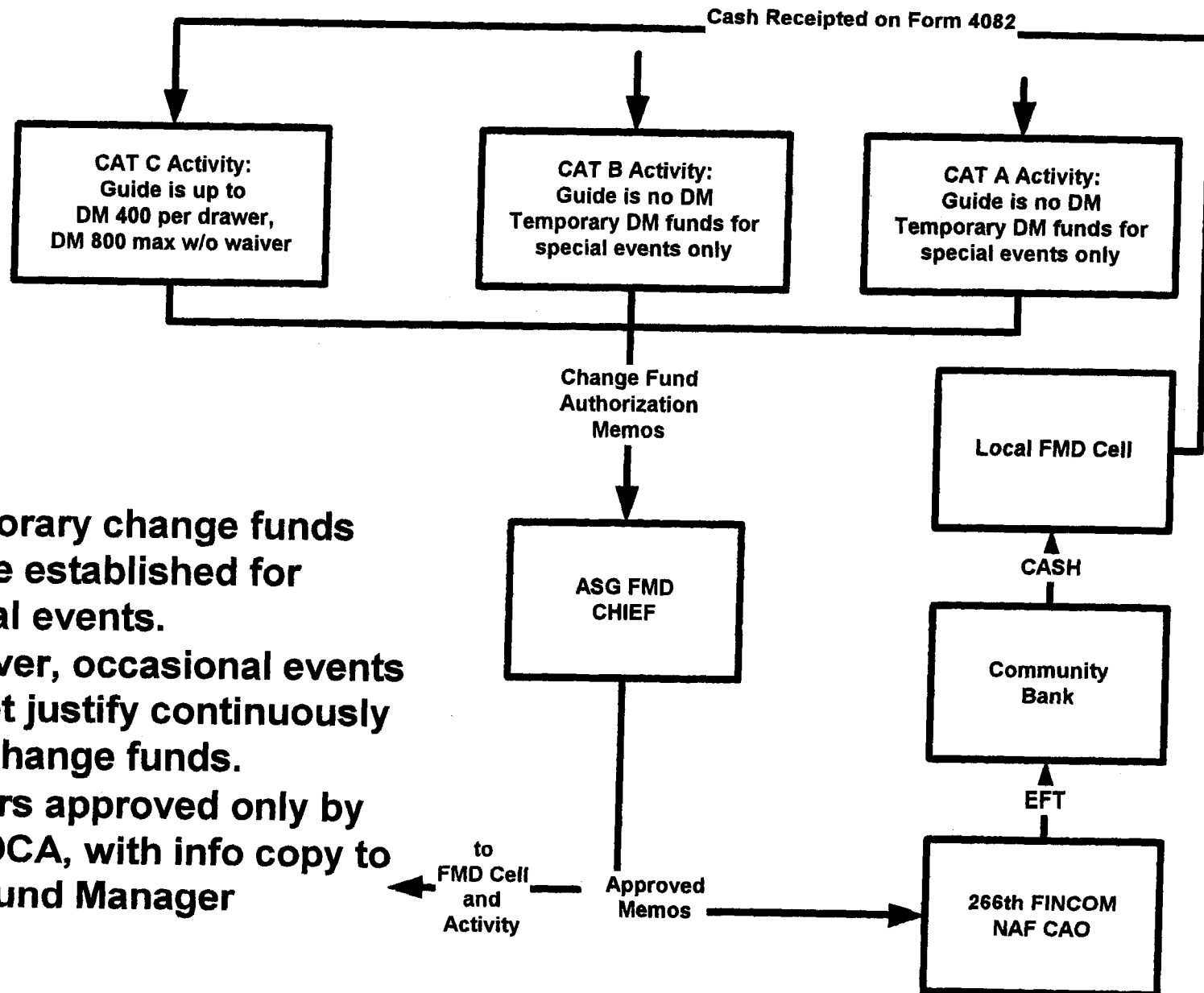
## Dollar Change Fund Authorization Process



Temporary change funds can be established for special events. However, occasional events cannot justify continuously high change funds. Waivers approved only by ASG DCA, with info copy to One Fund Manager

Enclosure 1

**Host Nation (DM) Change Fund Authorization Process**  
(Use DM equivalent for other host nation currencies)

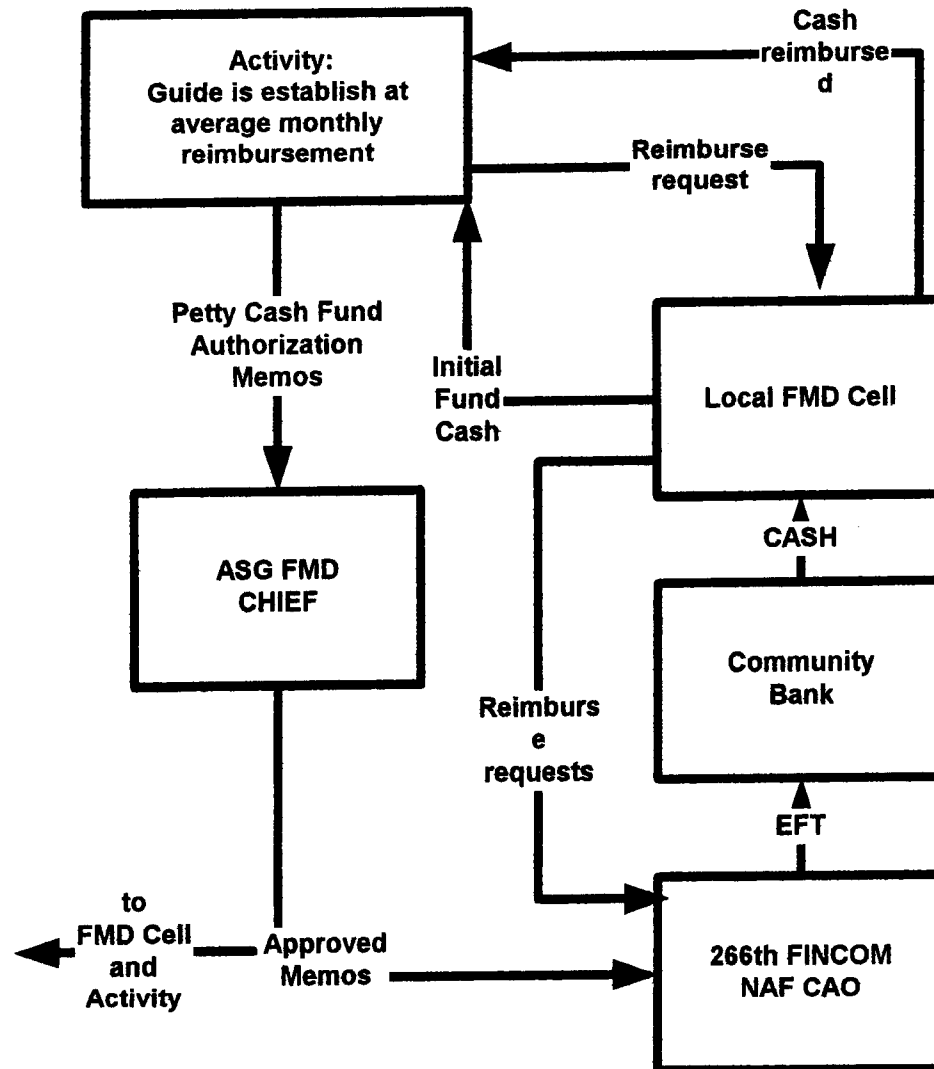


Temporary change funds can be established for special events. However, occasional events cannot justify continuously high change funds. Waivers approved only by ASG DCA, with info copy to One Fund Manager

to  
FMD Cell  
and  
Activity

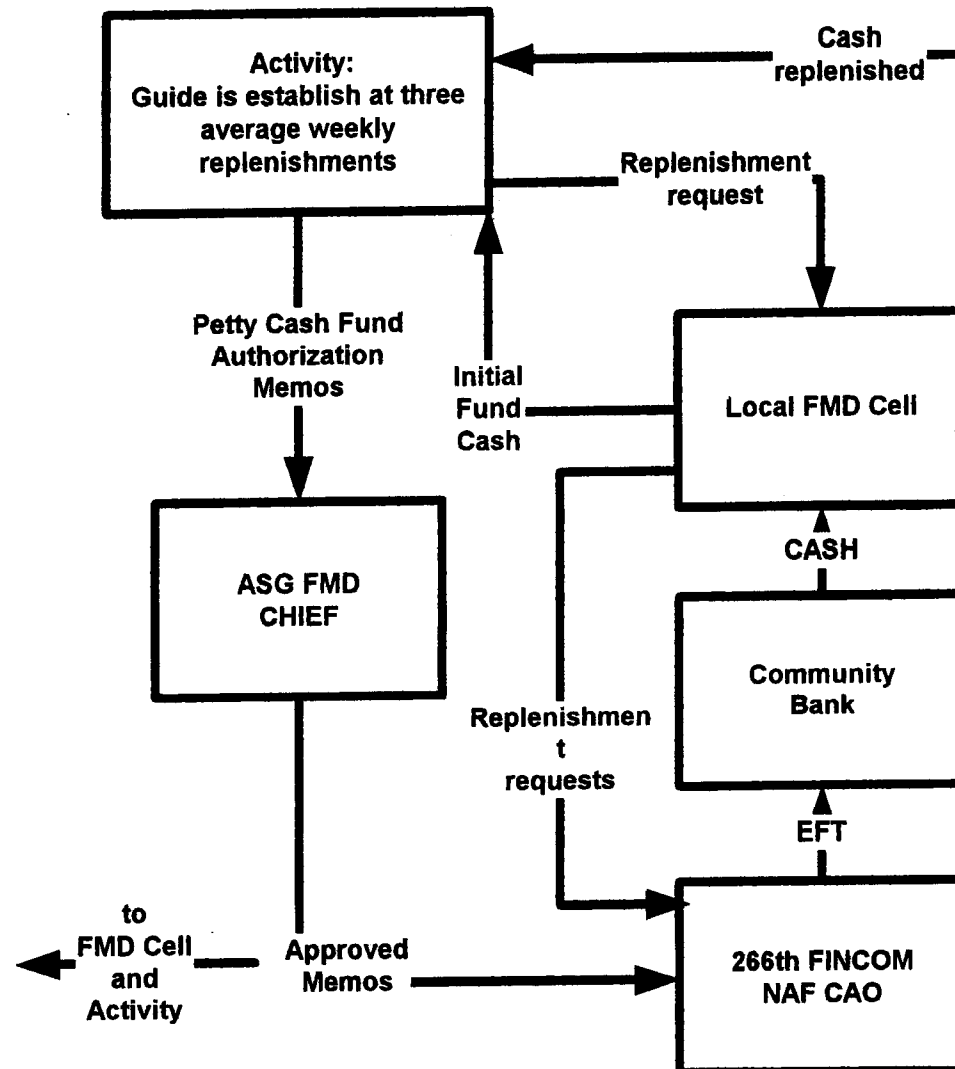
Approved  
Memos

**Petty Cash Fund Authorization and Replenishment Process  
(Separate funds for dollars and DM)**

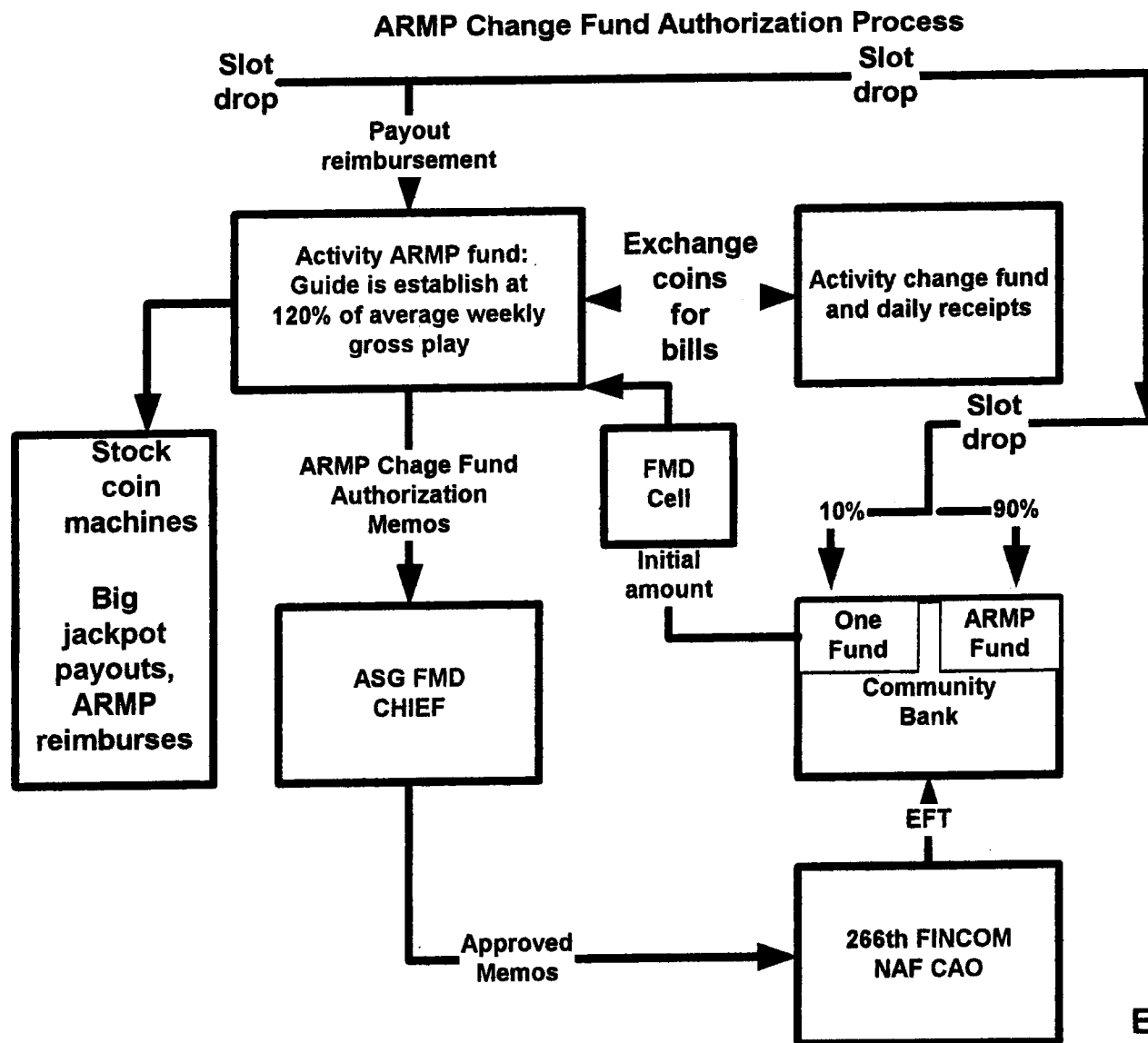


**Enclosure3**

## BINGO CASH Fund Authorization and Replenishment Process



Enclosure 4



Enclosure 5



<b>Totals of GLACs 105,106, 107, 108, 109, 112</b>	<b>Cash count policy</b>
<b>Less than \$500</b>	<b>Activity manager and witness do quarterly.</b>
<b>\$500-\$5000</b>	<b>Activity manager and witness do quarterly, FMD does annual unannounced.</b>
<b>\$5000-\$25000</b>	<b>Activity manager and witness do quarterly, FMD does semiannual, unannounced</b>
<b>\$25000-\$50000</b>	<b>Activity manager and witness do monthly, FMD does quarterly unannounced</b>
<b>Over \$50000</b>	<b>Activity manager and witness do monthly, FMD does twice quarterly unannounced</b>

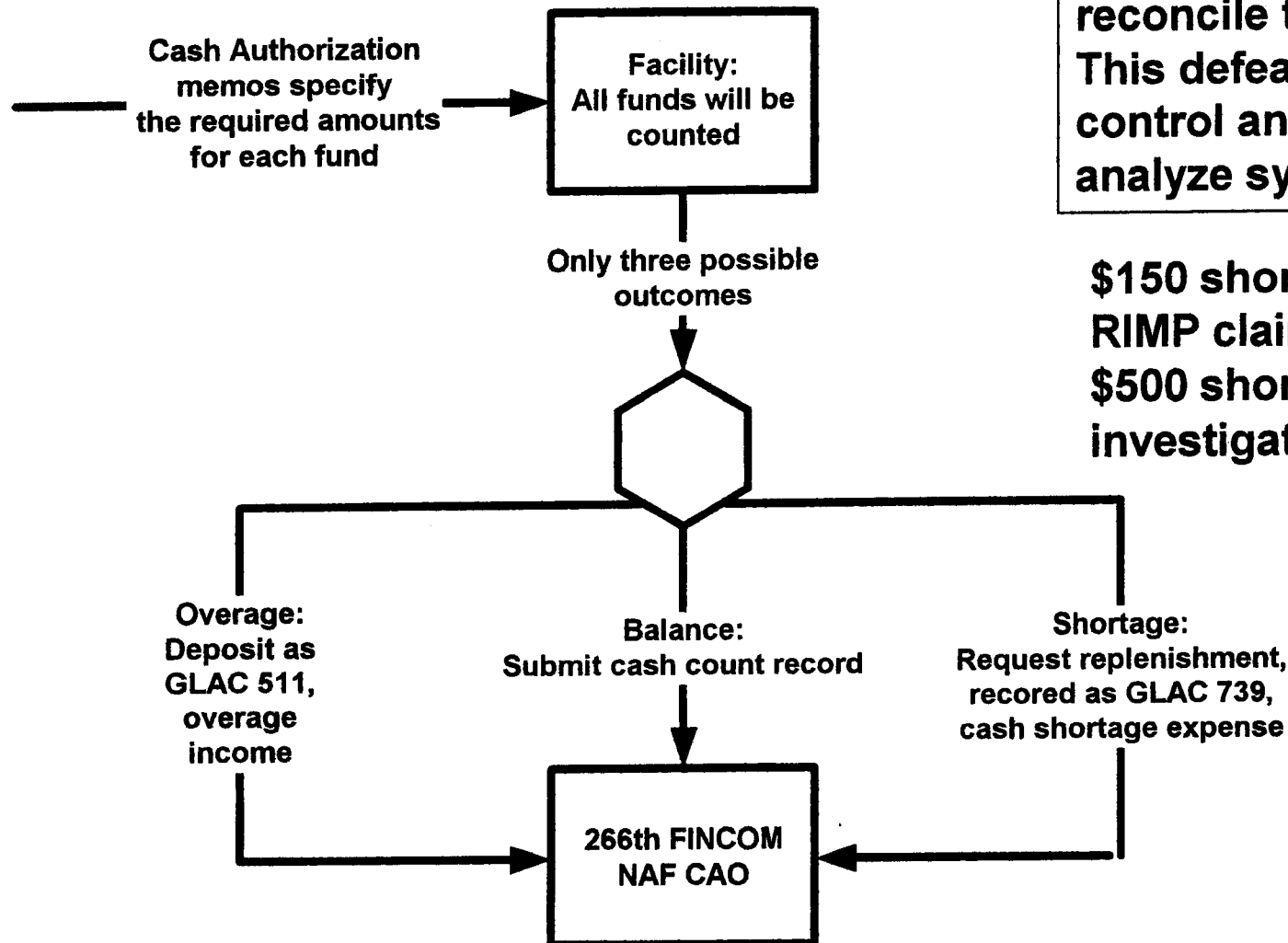
**Cash counts will also be conducted on change of fund custodians.**

### Unannounced Cash Count Process

Counts will be conducted by FMD personnel supported by disinterested assistance as appropriate.

Counts will include all funds maintained in the facility.  
This process also applies to routine cash counts.

**No attempts will be made to move cash in order to reconcile the count. This defeats the management control and the means to analyze systemic problems**



**\$150 shortage requires RIMP claim and MP report.  
\$500 shortage requires investigation under AR 15-6**

Enclosure 7

## **Typical Positions Requiring Excess Bonding**

- Fund manager/assistant fund manager**
- FMD staff**
- Facility managers/assistants**
- DAR clerks**
- Couriers**
- VAT personnel**
- Cashiers, fund custodians**

**Bonding calculation is based on total access to cash. Positions with access to change funds should include the fund authorization plus average daily sales. Positions with access to secure containers should include average week-end accumulation of cash. Averages will be calculated across a seven day contiguous period.**

INTERNAL CONTROL  
CHECKLIST

ACTIVITY: \_\_\_\_\_

ACTIVITY MANAGER: \_\_\_\_\_

DATE OF INSPECTION: \_\_\_\_\_

FUNDS MANAGEMENT:

	<u>YES</u>	<u>NO</u>
1. Are all funds, daily cash receipts, and other fund-related documents locked in a combination, three-tumbler lock at all times?	_____	_____
2. Is the combination of each safe known only to authorized personnel?	_____	_____
3. Is this documented on an SF 700 and attached to the inside of the container?	_____	_____
4. Is the combination, sealed in the SF 700 envelope, on file with the Security Office?	_____	_____
5. Is the combination being changed annually, or upon the separation of authorized person?	_____	_____
6. Is SF Form 702 (Security Container Check Sheet) being utilized when safe is opened/closed?	_____	_____
7. Does the activity have a current delegation of authority on hand at the ASG FMD? This fixes responsibility for the fund.	_____	_____
8. Is a copy of this delegation kept at the facility?	_____	_____
9. Are operating change funds and prenumbered cash control forms issued and signed for on a DA Form 4082?	_____	_____
10. Are cashiers being trained in cash handling procedures?	_____	_____
11. Is each cash drawer/register operated by only one individual per shift?	_____	_____
12. Is the signed DA 4082 placed in the safe as a receipt for the issued change funds?	_____	_____
13. Are cash receipts deposited daily? Exceptions can be made for funds under \$500.	_____	_____
14. Are night drops being done?	_____	_____